



# ENERGY ASSURANCE DAILY

Thursday Evening, September 25, 2008

## Major Developments

### More Than 485,000 Customers Remain Without Power in Hurricane-Stricken Texas and Ohio September 25

As of 4:30 PM September 25, an estimated 485,479 customers remained without power in Texas and Ohio, according to latest utility reports. Approximately 7.7 million customers lost power when Hurricane Ike slammed into the Gulf Coast and then cut across the United States, damaging power systems as far north as New York. Entergy Texas has completed restoring service to customers affected by Hurricane Ike that can take power. An estimated 7,300 customers in southeast Texas received substantial structural and/or flood damage as a result of the storm that will require significant reconstruction and may not be able to take power for some time.

Hurricane Ike Customer Power Outages September 12 – September 25			
Electric Utility	State	Peak	Latest Reported
Dayton Power & Light	OH	225,000	2,800
CenterPoint Energy	TX	2,100,000	464,967
Entergy	TX	392,600	***0
Sam Houston Electric Coop	TX	58,191	8,949
Texas-New Mexico Power Company	TX	113,247	8,763
<b>TOTAL*</b>		<b>7,680,943**</b>	<b>485,479</b>

\*Total outages only represent electric utilities listed in this table.

\*\* The peak includes outages not in this table, several affected utilities reported full restorations

\*\*\*Excludes 7,300 customer service locations damaged, destroyed or flooded which are unable to receive service.

Sources:

<http://www.daytondailynews.com/n/content/oh/story/news/local/2008/09/25/ddn092508dplcompare.html>

DP&L: <http://www.dpandl.com/restorationupdate.php>

CenterPoint Energy: <http://www.centerpointenergy.com/staticfiles/ike/outages.html>

Entergy: <http://www.entergy-texas.com/your%5Fhome/storm%5Fcenter/>

Sam Houston Electric Coop: <http://www.puc.state.tx.us/webapp/public/apps/emr/ByCountyCompany.aspx>

TXNM Power Company: <http://www.pnm.com/tnmp/ike-outage.htm>

### DOE Releases More Oil from Strategic Petroleum Reserve

The U.S. Department of Energy announced today it is delivering 500,000 barrels of emergency exchange oil from the Strategic Petroleum Reserve to Citgo's refinery at Lake Charles, Louisiana through the Shell pipeline system. DOE also announced 150,000 barrels is being delivered to Alon USA's Krotz Springs, Louisiana refinery. The oil was requested because of disruptions in supply caused by Hurricanes Gustav and Ike.

<http://www.energy.gov/news/6575.htm>

### Majority of Oil & Gas Production in Gulf of Mexico Remains Shut-in as Restoration Process Continues September 25

As of September 25, the Minerals Management Service (MMS) reports 4,175 million cubic feet per day (MMcf/d) of the Gulf's natural gas production remains shut-in, equivalent to 56.4 percent of the Gulf production. MMS reports 770,408 barrels/day of the Gulf's crude production remains shut-in, equivalent to 59.3 percent of the Gulf's crude production.

<http://www.mms.gov/ooc/press/2008/press0925.htm>

## **Large Portion of Louisiana Oil & Gas Production Remains Shut-in September 25**

On September 25, the Louisiana's Department of Natural Resources reports that 53,364 b/d or 34 percent of the normal Louisiana oil production has been restored. Operators in 17 parishes and in-State offshore areas normally produce 155,767 barrels/day (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production is 68,998 b/d and the status of remaining 33,405 b/d is unknown. The estimated amount of restored gas production is 586 MMcf/d or 36 percent of the daily gas production capacity, which is 1,642 MMcf/d. The estimated amount of shut-in gas production is 743 MMcf/d; the status of the remaining 312 MMcf/d has not been confirmed.

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/daily-onshore-prod.ssi>

## **Gulf Coast Area Waterways Continue to Clear in Hurricane Ike's Wake September 25**

As of 8:00 AM EDT September 25, Sabine Pass Channel going into waterways leading to Port Arthur and Beaumont is now open to vessels with drafts of 36 feet or less during daylight hours and 30 feet or less at all times. The Calcasieu River is again restricted to vessels with drafts of 39 feet or less, which is just below its project depth of 40 feet.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_18\\_Ike\\_092508\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_18_Ike_092508_12PM.pdf)

## **Motiva's 285,000 b/d Port Arthur, Texas Refinery Restarts September 24**

### **Four Refineries Remain Down in Gulf Coast Area September 25**

Four refineries remain shut down as of 10:00 AM EDT September 25 in the Port Arthur and Texas City areas, with a total operable capacity of 0.9 million b/d. Companies reported various stages of progress in restoration efforts, related to both Hurricane Gustav and Ike:

- Shell reported on September 24 at 3:00 PM EDT that its **Motiva 285,000 b/d Port Arthur, Texas refinery** has restarted and that units continue to be brought back on-line.
- **Valero's 289,000 b/d Port Arthur Texas, refinery** is beginning the initial stages of a multi-day restart process, a spokesman for the refinery said on the afternoon of September 25. The refinery now has power, steam and supplies of fresh water. Production at the main process units is expected within the next several days.
- Damage to **Exxon Mobil's 348,500 b/d Beaumont, Texas refinery** "although extensive, does not appear severe," the company said in an e-mailed statement.
- **BP's 467,720 b/d Texas City, Texas refinery** expects to be making gasoline by this weekend, a person familiar with refinery operations said.
- **Calcasieu Refining Co.'s 78,000 b/d Lake Charles, Louisiana refinery** is expected to ramp up to normal rates September 25, according to a person familiar with refinery operations.
- As of 3:00 PM EDT September 24, **Marathon's 76,000 b/d Texas City, Texas refinery** continues to repair a cooling tower that was damaged during Hurricane Ike. It is anticipated that the refinery will restart during the first week of October.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_18\\_Ike\\_092508\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_18_Ike_092508_12PM.pdf)

<http://www.bizjournals.com/sanantonio/stories/2008/09/22/daily30.html>

Bloomberg News, 12:10 September 25, 2008

Bloomberg News, 14:13 September 25, 2008

Bloomberg News, 14:21 September 25, 2008

## **TEPPCO's 330,000 b/d Product Pipeline Resumes Normal Deliveries September 24**

As of 4:00 PM EDT September 24, TEPPCO reported that it has resumed normal deliveries with the resumption of electricity service to two marine terminals in Freeport and its Beaumont terminal.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_18\\_Ike\\_092508\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_18_Ike_092508_12PM.pdf)

## **Seven Natural Gas Processing Plants Remain Shut in Gulf Coast Area September 25**

As of 10:30 AM EDT September 25, the Energy Information Administration (EIA) has confirmed that 7 plants remain shut down which includes those plants still impacted from Gustav, totaling an operating capacity of 4.68 Bcf/d (26 percent of the capacity in Hurricane Ike's path). In addition, EIA reports 24 plants have resumed operations at reduced or normal levels with a total operating capacity of 9.20 Bcf/d. Seven plants continue to report that they are capable to restart (totaling 3.59 Bcf/d operating capacity) once power is restored and/or upstream gas flow are sufficient.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_18\\_Ike\\_092508\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_18_Ike_092508_12PM.pdf)

## **Seven of 26 Major Natural Gas Pipelines in Gulf Coast Area Shut-in September 25**

As of 10:30 AM EDT September 25, seven major natural gas pipelines in the Gulf Coast area continue to report complete shut-in of their systems. The remaining pipelines report that portions of their systems remain at reduced levels of gas flow due to Hurricane Ike. Individual companies reported progress or setbacks in restoration efforts:

- **ANR Pipeline Co.** reported on September 25 that additional points along the Southeast Area and all upstream points of the Grand Chenier compressor station have been inspected and cleared to flow gas. The Cameron Meadows lateral segment remains shut-in. Inspections continue on both offshore and onshore facilities.
- **High Island Offshore System** reported on September 24 that the Force Majeure from Sept 10 remains in effect. It also reported that the 42-inch diameter line on the system has been severed and HIOS is determining the length that will need to be replaced. Three points along a lateral not impacted can flow gas but all other offshore points remain shut-in. Currently only one of the four delivery point is available on the system which is the interconnection with ANR Pipeline.
- **Manta Ray Offshore Gathering** reported September 24 that Force Majeure is lifted. Gas flow is available for delivery to Nautilus Pipeline but all other delivery points (ANR, Transco, & Trunkline) remain unavailable at this time. Only portion of receipts offshore can flow gas at this time.
- **Mississippi Canyon Pipeline** reported September 25 that Force Majeure is lifted; however, no flow has commenced at this time.
- **Sea Robin Pipeline Co.** reported September 24 that the Hess Processing Plant has completed repairs to its equipment but continues to operate at a minimum volume of 250 MMcf/d.
- **Southern Natural Gas Co.** reported September 24 that Southern has issued its final update. Six receipt points remain shut-in totaling 62 MMcf/d. The restart of these points is dependent on third parties repairing damage and it is unknown when these points will return.
- **Tennessee Gas Pipeline** reported September 24 that the East Leg of the Bluewater System can commence gas flow.
- **Trunkline Gas Pipeline** reported September 24 that the Kaplan Compressor Station has one unit now available to flow gas raising the capacity to the Henry Hub. 30 receipt points have been cleared for flow.

[http://www.oe.netl.doe.gov/docs/2008\\_SitRep\\_18\\_Ike\\_092508\\_12PM.pdf](http://www.oe.netl.doe.gov/docs/2008_SitRep_18_Ike_092508_12PM.pdf)

## **Entergy's 966 MW River Bend Nuke Unit 1 in Louisiana Ramps Up to 92 Percent by September 25**

The Nuclear Regulatory Commission reported that on the morning of September 24 the unit was operating at 45 percent. The unit shut due to low demand after Hurricane Gustav.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

## ***Electricity***

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### **NYISO Readies the Grid for More Wind Power**

The New York Independent System Operator (NYISO) has introduced system and operating changes to better utilize New York State's existing wind resources, and pave the way for continued growth of economical, emission-free, renewable power resources in the Empire State. As of September 1, there were over 700 MW of wind generating capacity in commercial operation in New York State. Wind capacity in New York is projected to grow to more than 1,200 MW by the summer of 2009. Proposed projects adding another 6,500 MW of wind capacity to be developed by 2011 are proceeding through the grid interconnection study process administered by the NYISO.

[http://www.nyiso.com/public/webdocs/newsroom/press\\_releases/2008/NYISO\\_Readies\\_Grid\\_for\\_More\\_Wind\\_09232008.pdf](http://www.nyiso.com/public/webdocs/newsroom/press_releases/2008/NYISO_Readies_Grid_for_More_Wind_09232008.pdf)

### **Update: TVA's 1,125 MW Watts Bar Nuke Unit 1 in Tennessee Ramps Up to 30 Percent by September 25**

The Nuclear Regulatory Commission reported that on the morning of September 24 the unit was not operating. The unit shut down on September 29 after a worker inadvertently opened an electrical circuit breaker.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

Bloomberg News, 12:34 September 25, 2008

### **Exelon's 850 MW Dresden Nuke Unit 2 in Illinois Shut by September 25**

The Nuclear Regulatory Commission reported that on the morning of September 24 the unit was operating at 85 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Shell's 100 MW Martinez Refinery Gas-fired Unit in California Returns to Service by September 24**

According to the California Independent System Operator, the unit returned from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus200809241515.html>

### **NRC Begins Special Inspection at DC Cook Nuclear Plant in Michigan**

The Nuclear Regulatory Commission is conducting a special inspection at the DC Cook Nuclear Power Station to review circumstances around a turbine generator fire and degradation of the fire suppression system. On Sept. 20, 2008, a malfunction in the Unit 1 turbine generator resulted in a fire and caused the operators to manually shut down the reactor.

<http://www.nrc.gov/reading-rm/doc-collections/news/2008/08-039.iii.html>

## ***Petroleum***

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### **Update: Kinder Morgan Resumes Limited Operations at Pasadena, Texas Petroleum Products Terminal September 25**

#### **Flows Resume on 72,000 b/d Longhorn Product Pipeline Late September 24**

Kinder Morgan Energy Partners LP resumed limited operations at its Pasadena, Texas, petroleum oil on September 25. The terminal, which can store up to 15.2 million barrels of petroleum products, shut after a pipeline manifold caught fire September 23. Kinder Morgan is able to supply products from tanks to pipelines including ones operated by Colonial Pipeline Co. and Explorer Pipeline Co., according to a company spokeswoman. Longhorn Partners Pipeline restarted its 18-inch product pipeline in Texas at 9:55 PM CDT September 24, after shutting the pipeline on September 23 because of the fire. The pipeline is moving product out of the Galena Park, Texas petroleum products terminal.

Bloomberg News, 13:57 September 25, 2008

### **Mexico Reduces Oil Output due to Low Demand from Hurricane-stricken U.S. Refineries**

Mexico's state-owned oil company, Pemex, said that it lowered crude oil output by 250,000 b/d on September 22 due to canceled or delayed shipment orders from U.S. refineries impacted by Hurricane Ike. Pemex's storage capacity has been saturated because some of these refineries are not able to receive Mexican oil shipments. Pemex expects production to return to normal as refineries return to service along the U.S. Gulf Coast.

<http://www.iht.com/articles/ap/2008/09/25/business/LT-Mexico-Oil-Production.php>

### **Nigerian Oil Workers Union Strike Could Shut-in 700,000 b/d in Nigeria**

A local unit of the National Union of Petroleum and Natural Gas Workers in Nigeria said September 24 that approximately 700,000 b/d of Chevron Nigeria Ltd.'s oil production could be shut-in if the union launches a strike over labor issues. The Union has threatened to strike if Chevron does not resolve contract disputes by October 1.

[http://www.rigzone.com/news/article.asp?a\\_id=67062](http://www.rigzone.com/news/article.asp?a_id=67062)

## ***Natural Gas***

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Nothing to report.

## Other News

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### House Votes to Lift Offshore Drilling Ban, Senate Expected to Pass Measure within Days

The U.S. House of Representatives voted yesterday to overturn a 25-year congressional ban on drilling off the East and West Coasts. The U.S. Senate is expected to pass the measure within the next few days. It is unknown exactly how much oil and gas may lie off the East and West Coasts but government studies indicate that there could be as much as 18 billion barrels of recoverable oil and 76 trillion cubic feet of natural gas.

<http://www.chron.com/disp/story.mpl/headline/biz/6021493.html>

## Energy Prices

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U.S. Oil and Gas Prices September 25, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	109.00	97.48	81.33
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	8.13	7.82	6.54

Source: Reuters

## Energy Notes

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### Arizona Corporation Commission Gives Initial Approval of APS's 280 MW Solar Power Project September 25

<http://www.platts.com/Electric%20Power/News/8051933.xml?p=Electric%20Power/News&sub=Electric%20Power>

### LIPA, Con Edison to Study Building a 140-300 MW Wind Farm Offshore from Queens, New York

<http://www.newsday.com/news/printedition/longisland/ny-liwind235854268sep23.0.7225238.story>

### City Council Approves Palmer Renewable Energy LLC's Proposed Wood-fired Power Plant in Massachusetts

[http://news.bostonherald.com/business/general/view/2008\\_09\\_24\\_Springfield\\_approves\\_power\\_plant/srvc=home&position=recent](http://news.bostonherald.com/business/general/view/2008_09_24_Springfield_approves_power_plant/srvc=home&position=recent)

### Chevron Proposes Expansion of Wheatstone LNG Export Terminal in Australia to 25 Million Tons per Annum

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=12992>

### Poland Joins International Energy Agency

[http://www.rigzone.com/news/article.asp?a\\_id=67105](http://www.rigzone.com/news/article.asp?a_id=67105)

## Links

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

### ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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